



FACT SHEET
The Honorable Jim Himes
Connecticut's 4th District

Benefits to Consumers

American Clean Energy and Security Act of 2009

The American Clean Energy and Security Act (“the Act”) would establish a national cap-and-trade program for greenhouse gas emissions beginning in 2012. The bill includes provisions to protect consumers, including electricity consumers, from the economic impacts of the program. Allowances would be allocated to electricity local distribution companies for the benefit of their customers.

FACT: The Act explicitly requires that allowances be used for consumer benefit.

“(A) RATEPAYER BENEFIT.—Emission allowances distributed to an electricity local distribution company under this subsection shall be used exclusively for the benefit of retail ratepayers of such electricity local distribution company and may not be used to support electricity sales or deliveries to entities or persons other than such ratepayers.”

FACT: State regulatory authorities—responsible for setting retail electricity rates—would ensure that the allowances allocated to electricity local distribution companies benefit consumers.

“(A) REQUIREMENT.—No electricity local distribution company shall be eligible to receive emission allowances under this subsection or subsection (e) unless the State regulatory authority with authority over such company’s retail rates, or the entity with authority to regulate or set retail electricity rates of an electricity local distribution company not regulated by a State regulatory authority, has—(i) after public notice and an opportunity for comment, promulgated a regulation or completed a rate proceeding (or the equivalent, in the case of a ratemaking entity other than a State regulatory authority) that provides for the full implementation of the requirements of paragraph (5) of this subsection and the requirements of subsection (e); and (ii) made available to the Administrator and the public a report describing, in adequate detail, the manner in which the requirements of paragraph (5) and the requirements of subsection (e) will be implemented.”

FACT: EPA is given audit and enforcement authority to ensure that emission allowances are used exclusively for the benefit of consumers.

“(8) AUDITS.—Each year, the Administrator shall audit a representative sample of electricity local distribution companies to ensure that emission allowances distributed under this subsection have been used exclusively for the benefit of retail ratepayers...(9) ENFORCEMENT.—A violation of any requirement of this subsection or of subsection (e) shall be a violation of this Act.”

FACT: All electricity consumers—residential, commercial and industrial—would benefit from the distribution of allowances to electricity local distribution companies.

“(B) RATEPAYER CLASSES.—In using emission allowances distributed under this subsection for the benefit of ratepayers, an electricity local distribution company shall ensure that ratepayer benefits are distributed—(i) among ratepayer classes ratably based on electricity deliveries to each class; and (ii) equitably among individual ratepayers within each ratepayer class, including entities that receive emission allowances pursuant to part F.”

FACT: The Act directs electricity local distribution companies to rebate the value to consumers in a way that will continue to encourage energy efficiency and energy conservation efforts. By providing a “fixed” credit, you preserve the incentive for energy efficiency while at the same time providing economic relief to the ratepayer. Only with regard to industrial ratepayers, can a local distribution company base the rebate on the quantity of electricity delivered to the customer.

“(C) LIMITATION.—In general, an electricity local distribution company shall not use the value of emission allowances distributed under this subsection to provide to any ratepayer a rebate that is based solely on the quantity of electricity delivered to such ratepayer. To the extent an electricity local distribution company uses the value of emission allowances distributed under this subsection to provide rebates, it shall, to the maximum extent practicable, provide such rebates with regard to the fixed portion of ratepayers’ bills or as a fixed credit or rebate on electricity bills.”